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June 28, 1996

Ms. Michele C. Farquhar
Chief
Wireless Telecommunications Bureau
Federal Communications Commission
Room 5002
2025 M Street, N.W.
Washington, D.C. 20554

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JUN 28 1996

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Re: CMRS/LEC Interconnection (CC Docket No. 95-185)

Dear Ms. Farquhar:

This is written in response to BellSouth's ex parte letter to you, dated April 12, 1996, regarding its interconnection relationships with CMRS providers. Because BellSouth's letter is, in many respects, extremely misleading, we feel compelled to provide you with the alternative perspective of AT&T Wireless Service ("AT&T") regarding interconnection negotiations with BellSouth.

Contrary to the pro-competitive image it attempts to project in its letter, BellSouth consistently refuses to negotiate interconnection terms and conditions with AT&T and routinely disregards FCC rules and guidelines. For example, despite the FCC's long-standing requirement that LECs provide mutual compensation to CMRS providers for traffic originated on landline networks and terminated on CMRS networks, BellSouth has refused to entertain AT&T's repeated requests for mutual compensation. In AT&T's latest attempt to negotiate terms and conditions for interconnection, including mutual compensation, BellSouth refused to negotiate any material interconnection items until the Commission completes its pending proceeding implementing the interconnection provisions of the Telecommunications Act of 1996. See Lonnie Smith letter to Jill Mounsey, April 19, 1996 (attached).

BellSouth has also repeatedly opposed mutual compensation before the Florida Public Service Commission (PSC). In Florida's original mobile interconnection proceeding, BellSouth claimed that "[t]here is no reasonable basis" for mutual compensation. Docket No. 870675-TL, Final Hearing June 28, 1988, Hearing Tr. 417 (Direct Testimony of Nancy Sims, for Southern Bell).

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Seven years after the original Florida mobile interconnection proceeding, the Florida PSC again conducted a generic investigation into mobile interconnection. See generally Docket No. 940235-TL. Notwithstanding numerous changes in the industry in the intervening years, BellSouth again strongly opposed mutual compensation. See Docket No. 940235-TL, Final Hearing March 28, 1995, Hearing Tr. 441-442 (Direct Testimony of Nancy Sims, for BellSouth). ("[C]ompensation should not be paid to mobile carriers by LECs for land originated calls terminating at a mobile carrier's point of termination.") As for possible future consideration of mutual compensation, BellSouth argued that the subject was contingent upon the resolution of other policy issues. See id., Hearing Tr. 567 (Rebuttal Testimony of Nancy Sims, for BellSouth).

While the Florida Commission rejected the immediate imposition of mutual compensation in its Docket No. 940235-TL final order, it nevertheless concluded that mutual compensation had become an issue of timing. See Docket No. 940235-TL, Order No. PSC-95-1247-FOF-TL, at 36 (October 11, 1995). Pending its further investigation into this issue, the Florida PSC specifically stated that its decision did "not preclude mobile carriers and the LECs from negotiating individual agreements." Id. at 37 (October 11, 1995). This voluntary state directive had no effect on BellSouth's actions, however, as the company has continued to refuse to even discuss mutual compensation with AT&T.

BellSouth's denial of mutual compensation for CMRS providers is even more egregious given the broader policy matters discussed in the Florida PSC order and BellSouth's own testimony regarding the need to consider mutual compensation within the context of local exchange competition. Indeed, within two months of Florida's 1995 mobile interconnection docket order, BellSouth concluded a negotiation with the Florida Cable Television Association and several of its members regarding local interconnection for "alternative local exchange telecommunications companies." See Section 36402(1), Fla. Stat. 1995. This agreement specifically provides for immediate mutual compensation between BellSouth and the new local competitors. Docket No. 950696-TP, et al., Order No. PSC-96-0082-AS-TP, at 14. In subsequent negotiated agreements between BellSouth (as well as other major Florida LECs) and landline entrants, mutual compensation has been an integral component.

The failure to even consider mutual compensation for wireless providers has been exacerbated by BellSouth's position on interconnection rates. For example, BellSouth argued before the Florida PSC last year that continued reliance on the agency's pricing formula, which tied wireless interconnection rates to intrastate access charges, would make the mobile interconnection usage rate "too low." While the Florida PSC rejected BellSouth's arguments of insufficient cost recovery and specifically found no basis for changing the status quo, it ended the long standing formula on the theory that it would be more appropriate to have the parties negotiate future interconnection tariffs. Docket No. 940235-TL, Order No. PSC-95-1247-FOF-TL, at 10-21. With rates no longer linked to access, or any other cost standard,

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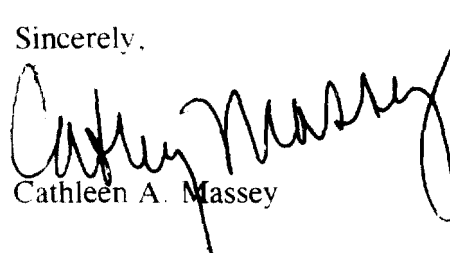
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and with no recourse to the Florida PSC under the 1995 amendments to Florida's telephone statute (see section 364.163, Fla. Stat.), BellSouth simply chooses not to negotiate at all.

Because of subsequent access charge reductions, the land-to-mobile rate paid by CMRS providers in Florida now is in excess of originating intrastate access charges paid by the long distance carriers for the same service. Similarly, the mobile-to-land rate is higher than terminating access charges paid by the long distance carriers. With additional BellSouth intrastate access charge reductions scheduled to take effect October 1, 1996, the discrepancy between CMRS rates and intrastate access charges will become greater.

In sum, AT&T now pays inflated interconnection charges, receives no compensation for landline-originated calls terminated on its network, and has little prospect of receiving relief from the Florida PSC. At the same time, BellSouth has agreed to mutual compensation arrangements with alternative landline providers, which include interim bill and keep mechanisms not available to CMRS providers. We urge the Commission to evaluate carefully the "real-world" actions of BellSouth as the agency develops its LEC-to-CMRS interconnection policies.

Sincerely,

A handwritten signature in black ink, appearing to read "Cathleen Massey", written over the printed name.

Cathleen A. Massey

cc: Secretary's Office
Karen Brinkmann
Jackie Chorney
Jim Coltharp
Jay Markley
David Nall
Suzanne Toller

*BellSouth file - orig.***ⓐ BELL SOUTH**

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RECEIVED
7/29/96

April 19, 1996

Ms. Jill R. Mounsey
Director - External Affairs
AT&T Wireless Service, Inc.
500 Carillon Point
Kirkland, WA 98033

Dear Jill:

I too appreciate the willingness and ability of both AT&T Wireless Services, Inc. and BellSouth Telecommunications, Inc. (BST) to continue good faith negotiations regarding present and future mobile interconnection service agreements. As you indicated the meeting was productive, I believe, for all parties.

Since our meeting I have met with principals within BST and discussed our plans relative to Reciprocal Compensation for traffic between BST and Wireless networks. During those discussions we considered our current wireless interconnection agreements and the current, as well as emerging, market/regulatory environment we all find ourselves in.

Based on those discussions BST is of the opinion that existing negotiated agreements do not support reciprocal compensation. Movement to Reciprocal Compensation will need to be dictated by the outcome of both the Federal Communication Commissions (FCC) Docket 95-185, dealing with "Bill and Keep" and the FCC's rules on implementation of Section 251 and 252 of the 1996 Telecommunications Act.

While we are on hold on Reciprocal Compensation, we anxiously await your input on service needs we can address in our efforts to meet your interconnection needs throughout our service area. I can be reached at 205-977-5278 to discuss these needs at your convenience. I too look forward to these further discussion which will allow both our companies to prosper.

Sincerely,



Lonnie B. Smith, Jr.
Project Manager - Interconnection Services